

AGREEMENT BETWEEN  
THE GOVERNMENT OF THE UNITED STATES OF AMERICA  
AND THE GOVERNMENT OF THE REPUBLIC OF NICARAGUA  
REGARDING THE CANCELLATION  
OF CERTAIN DEBTS OWED TO, GUARANTEED BY, OR INSURED BY  
THE UNITED STATES GOVERNMENT

The Government of the United States of America (the "United States") and the Government of the Republic of Nicaragua ("Nicaragua") agree as follows:

A handwritten signature or set of initials, possibly "JP", enclosed in a circular scribble.

## ARTICLE I

### Application of the Agreement

1. Pursuant to the recommendations contained in the Agreed Minute on the Consolidation of the Debt of the Republic of Nicaragua, signed on March 4, 2004, by the Participating Creditor Countries and Nicaragua (herein referred to as the "Minute"), the applicable domestic laws of the United States and Nicaragua, and the September 1999 commitment of the President of the United States to provide 100 percent debt forgiveness on eligible debt to certain Heavily Indebted Poor Countries, the United States and Nicaragua hereby agree to the cancellation of certain Nicaraguan payments due as a result of debts owed to, guaranteed, or insured by the United States Government or its Agencies.

2. With respect to amounts owed to the Export-Import Bank of the United States ("Ex-Im Bank"), the Department of Defense ("DoD"), and the United States Agency for International Development ("USAID"), each agency will notify Nicaragua of the amounts cancelled hereunder. This Agreement will be further implemented by a separate agreement (the "Implementing Agreement") between Nicaragua and the United States Department of Agriculture ("USDA") with respect to P.L. 480 Agreements.

## ARTICLE II

### Definitions

1. "Agencies" means the Ex-Im Bank, DOD, USAID and USDA.
2. "Contracts" mean those agreements or other financial arrangements that have maturities under:
  - (a) commercial credits guaranteed or insured by the United States or its Agencies, having original maturities of more than one year, which (i) were extended to the Government of Nicaragua, the Nicaraguan public sector or the Nicaraguan Central Bank, or covered by the guarantee of the Government of Nicaragua, the Nicaraguan public sector or the Central Bank of Nicaragua and (ii) were concluded before June 20, 1999;
  - (b) loans having original maturities of more than one year, which (i) were extended to the Government of Nicaragua or to the Nicaraguan public sector or to the Central Bank of



Nicaragua, or covered by the guarantee of the Government of Nicaragua, the Nicaraguan public sector or the Central Bank of Nicaragua and (ii) were concluded before June 20, 1999; and

- (c) bilateral debt reduction and rescheduling agreements ("Reduction and Rescheduling Agreements") between the United States and Nicaragua signed on May 13, 1992, August 28, 1995, October 20, 1998 as amended on May 19, 1999, and April 25, 2003.

A table listing the relevant Contracts to be included under the debt cancellation is attached hereto as Annex A.

Debt service due as a result of debts described above and effected through special payment mechanisms or other external accounts is covered by this Agreement.

3. "Relevant Principal" means the total amount of principal outstanding as of January 1, 2004, including the principal and interest in arrears (including Late Interest, if any), and Accrued Interest on Contracts defined in Article II, paragraph 2 of this Agreement.
4. "Accrued Interest" means interest accrued under the relevant Contracts from the last interest maturity date through December 31, 2003, inclusive, computed at the rate specified in the Contracts.
5. "Late Interest" means interest charges accruing from the contractual payment date of principal and interest due and ~~not paid through December 31, 2003, inclusive.~~
6. "Minute" means the Agreed Minute on the Consolidation of the Debt of the Republic of Nicaragua, signed on March 4, 2004.
7. "Participating Creditor Countries" means creditor countries that are signatories to the Agreed Minute on the Consolidation of the Debt of the Republic of Nicaragua dated March 4, 2004.
8. "Completion Point" means January 22, 2004 and January 23, 2004, the dates on which the Boards of the International Development Association of the World Bank and the International Monetary Fund ("IMF") respectively decided that Nicaragua had reached its Completion Point, as defined under the Enhanced Debt Initiative for Heavily Indebted Poor Countries.



### ARTICLE III

#### Terms and Conditions of Cancellation

1. One hundred percent of the Relevant Principal as defined in Article II, paragraph 3 is hereby cancelled.

A table summarizing the amount of Relevant Principal owed to the United States and cancelled hereby is attached hereto at Annex B.

2. Adjustments in the amounts of Relevant Principal may be made in writing, as necessary and by mutual consent.

### ARTICLE IV

#### General Provisions

1. Nicaragua shall seek to secure from external public or private creditors not participating in the Minute reduction arrangements on terms comparable to those set forth in the Minute for credits of comparable maturity, committing to avoid treatment more favorable than that accorded the Participating Creditor Countries, as more specifically defined in the Minute.

2. Except as modified by this Agreement, all terms of the Contracts remain in full force and effect.

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3. With respect to amounts owed to Ex-Im Bank under this Agreement, Nicaragua (referred to as the "Government" in Annex C hereto) agrees to the additional terms and conditions set forth in Annex C.

4. With respect to amounts owed to USAID under this Agreement, Nicaragua (referred to as the "Government" in Annex D hereto) agrees to the additional terms and conditions set forth in Annex D.

5. With respect to amounts owed to DoD under this Agreement, Nicaragua (referred to as the "Government" in Annex E hereto) agrees to the additional terms and conditions set forth in Annex E.



## ARTICLE V

### Suspension or Termination

1. The United States may suspend or terminate this Agreement by giving sixty (60) days written notice to Nicaragua. In particular, the United States may terminate all or part of this Agreement, if the Participating Creditor Countries determine that Nicaragua has not met its obligations under the Minute, including those of comparable treatment. If the United States terminates all or part of this Agreement, all payments consolidated and cancelled under this Agreement shall be due and payable immediately following notification to Nicaragua of termination of the Agreement.
2. This Agreement may be amended or modified by mutual consent of the United States and Nicaragua.

## ARTICLE VI


### Entry into Force

This Agreement shall enter into force following signature of the Agreement and written notice to Nicaragua by the United States that all necessary U.S. domestic legal requirements for entry into force of the Agreement have been fulfilled.

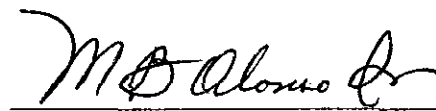
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Done at Managua, Nicaragua, this 17<sup>th</sup> day of August 2004.

FOR THE GOVERNMENT OF THE  
UNITED STATES OF AMERICA:

  
Barbara C. Moore  
Ambassador of the United States  
to Nicaragua

FOR THE GOVERNMENT OF THE  
REPUBLIC OF NICARAGUA:

  
Dr. Mario Alonso  
President of the Central  
Bank of Nicaragua

Annex A  
Contracts Subject to Debt Cancellation

Ex-Im Bank

R-180  
R-180A  
R-234  
R-234A  
R-234B  
R-234C

USDA PL-480

2/9/98  
10/20/98

AID HG

524-HR-001  
524-HR-006

524-HR-009

524-HR-003  
524-HR-010

DoD

NU-928R, dated May 13, 1992  
NU-997D, dated October 20, 1998  
NU-997H, dated October 20, 1998

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Annex B  
Summary of Relevant Principal  
(thousands of US dollars)

Ex-Im	\$60,402
USDA PL-480	\$11,042
AID HG	\$26,173
DoD	\$ 1,342
TOTAL	\$98,959





ANNEX C

ADDITIONAL TERMS AND CONDITIONS WITH RESPECT TO

AMOUNTS OWING TO EX-IM BANK

The Government of the Republic of Nicaragua, (hereinafter referred to as the "Government"), agrees to the following additional terms and conditions with respect to the amounts owing to Ex-Im Bank, guaranteed by Ex-Im Bank, or insured by Ex-Im Bank, pursuant to the attached Agreement between the United States of America and the Government:

A. Exporter Retentions. The term "Exporter Retention(s)" means with respect to the Contracts stipulated in this Agreement: (i) that portion of commercial credits from commercial lenders or U.S. exporters which was not guaranteed or insured by Ex-Im Bank and is owed to such commercial lenders or U.S. exporters; or (ii) loans from commercial lenders or U.S. exporters which were incurred in participation with loans from Ex-Im Bank. In the event that the commercial lender or U.S. exporter agrees to cancel its Exporter Retention(s) in accordance with the terms of this Agreement, such Exporter Retention(s) shall be included in the subject debt cancellation agreement.

B. Representations. The Government represents and warrants that it has taken all action necessary or advisable under its laws and regulations to authorize the execution, delivery and performance of this Agreement and that this Agreement constitutes the valid and binding obligations of the Government, enforceable against the Government in accordance with its terms and for the performance of which the full faith and credit of the Government is pledged. The Government acknowledges that the activities contemplated by this Agreement are commercial in nature rather than governmental or public and agrees that, to the extent that it has or hereafter may acquire immunity from suit, judgment and/or execution, it will not assert or claim any such right of immunity with respect to any action by Ex-Im Bank to enforce its obligations under this Agreement.

C. Miscellaneous Provisions.

1. Expenses. The Government shall pay on demand all reasonable costs and expenses incurred by or charged to Ex-Im Bank in connection with or arising out of this Agreement, including without limitation costs and legal fees incurred by or charged to Ex-Im Bank in connection with the enforcement of this Agreement.

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2. Adjustments. On or about 135 days after the execution of this Agreement, Ex-Im Bank shall inform the Government of the actual amounts to be cancelled hereunder. The parties hereto agree to make any necessary adjustments to the amounts being cancelled.

3. Communications. All communications between the Government and Ex-Im Bank under this Agreement shall be in writing, in the English language (or accompanied by an accurate English translation). All communications to the Government shall be addressed to the Government at the address designated by the Government from time to time in writing to Ex-Im Bank; all communications to Ex-Im Bank shall be addressed to Ex-Im Bank at the following address:

Export-Import Bank of the United States  
811 Vermont Avenue, N.W.  
Washington, D.C. 20571  
Attention: Treasurer-Controller  
Ref: R-283 - Nicaragua  
Telex: 89461 EXIMBANK WSH  
197681 EXIM UT  
Facsimile: (202) 565-3890

4. Governing Law. The Ex-Im Bank portion of this Agreement shall be governed by and construed in accordance with the laws of the District of Columbia, United States of America.





Annex D

ADDITIONAL TERMS AND CONDITIONS WITH RESPECT TO  
AMOUNTS OWING TO USAID

A. GENERAL PROVISIONS

1. Adjustments. Following the execution of this Agreement, USAID shall inform the Government of the actual amounts to be cancelled hereunder. The parties hereto agree to make any necessary adjustment to the amounts being cancelled under this Agreement and such amounts may be further adjusted as the parties may mutually agree.

2. Communications. All communications between the Government and USAID shall be in writing in the English language (or accompanied by an accurate translation). All communications to the Government shall be addressed as the Government may designate from time to time in writing to USAID. All communications to USAID shall be addressed as follows:

Chief  
Office of Financial Management, Loan Management Division  
(FM/LM)  
USAID  
1300 Pennsylvania Avenue, N.W.  
Room 2.10.56  
Washington, D.C. 20523  
Fax: (202) 216-3541

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USAID may change this designated address upon written notice to the Government.

Annex E

ADDITIONAL TERMS AND CONDITIONS WITH RESPECT TO  
AMOUNTS OWING TO DoD

No failure or delay on the part of the Department of Defense to exercise any right, power or privilege under this Agreement shall operate as a waiver thereof.

All statements, reports, certificates, opinions and other documents or information furnished to the Department of Defense under this Agreement shall be supplied by the Government without cost to the Department of Defense.

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The Government shall reimburse the Department of Defense, on demand, for all reasonable and documented out-of-pocket expenses (including legal fees) incurred by the Department of Defense in connection with the enforcement of this Agreement.

To the extent that the Government has or hereafter may acquire immunity from suit, judgment, and/or execution, the Government agrees that it shall not assert or claim any such right of immunity with respect to any action to enforce its obligations under this Agreement, except as provided for in the Government's judicial codes with respect to execution through the courts of the Government.

Upon entry into force of this Agreement, the Department of Defense shall consider arrears as having been cancelled for the purposes of resuming the provision of assistance to the Government. The Department of Defense will notify the Government of the amounts cancelled.

The Department of Defense portion of this Agreement shall be governed by, and construed in accordance with, the laws of the District of Columbia, United States of America.

All communications between the Government and the Department of Defense shall be in writing, in the English language at the following address:

Defense Security Cooperation Agency  
Crystal Gateway North  
Suite 303  
~~1111 Jefferson Davis Highway~~  
Arlington, VA 22202-4306  
Facsimile: (703) 604-6538



